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RUEHLO/AMEMBASSY LONDON PRIORITY 3637  
RUEHNE/AMEMBASSY NEW DELHI PRIORITY 9267  
RUEHKO/AMEMBASSY TOKYO PRIORITY 0708  
RUEAIIA/CIA WASHDC PRIORITY  
RHEFDIA/DIA WASHDC PRIORITY  
RHEHNSC/NSC WASHDC PRIORITY  
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SUBJECT: U.S. POLICY RESULTS IN SLOW PROGRESS

REF: A. KATHMANDU 123  
[1](#)B. KATHMANDU 429

Classified By: Ambassador James F. Moriarty, reasons 1.4 (b/d).

SUMMARY  
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[1](#)1. (C) In the wake of the failure of the February 8 municipal elections Nepal's King Gyanendra might have to be more flexible. Up until now, the seven-party alliance is maintaining its 12-point understanding and remains locked in an increasingly dangerous embrace with the Maoists. Meanwhile, the Maoist leadership has made it clear that the insurgents' plan to continue their increased tempo of violence, while hoping that the Parties increase demonstrations and civic unrest in the cities, in an attempt to topple the monarchy in the coming months.

[1](#)2. (C) Against this backdrop, Post strongly believes that the United States must remain engaged in Nepal to avoid potentially disastrous consequences. We have seen some positive results of our engagement over the past year: the lifting of the State of Emergency, releasing of political detainees, talking the talk of democracy and upholding the rule of law (e.g., implementing the decision by the Supreme Court to dismantle the Royal commission on Control of Corruption.). We also believe that our efforts, and those of like-minded nations, have convinced the King to think twice about further authoritarian measures. Pressure on the King has increased tremendously in recent weeks, as he has lost much of his domestic support and his international isolation has become palpable. Given the precedent of his dismissal of a non-party government in 2004, there is some hope that he may in the coming weeks reverse course and take positive action. The tightrope we have to walk is to keep pressure on the King while not making it easier for the Maoists to come to power. Post recommends that we intensify ongoing efforts to push the King in the right direction, while coordinating closely with the international community. Focusing on our cooperation with India, we suggest using the President's early March trip to highlight that U.S. and India policy on Nepal remains in sync. We should also continue to urge the King to call for an internationally-monitored, comprehensive

cease-fire. If the King takes positive steps, we should be poised to send a senior Washington official to Nepal to encourage further action. End Summary.

#### MAOIST-PARTY 12-POINT UNDERSTANDING DANGEROUS

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¶3. (C) The Ambassador convened the Post's Inter-Agency Working Group on February 13 to examine our policy in Nepal following the February 8 municipal polls, assess any progress, and consider the best way forward. In examining Maoist intentions, the Group noted that recent media interviews from Maoist leaders along with an upsurge in Maoist violence highlighted Maoist intentions to combine their efforts with those of the parties in an attempt to violently overthrow the monarchy in the coming months. As part of this strategy, the Maoists were also pressuring the Parties to join the Maoists' People's Army and to form with them a "parallel government." The Maoists continued to publicly profess a desire to hold constituent assembly elections, while at the same time clearly stating that they planned to regain their weapons after such an election. Such actions and statements suggested that the Maoists do not have any intent to abandon their desire for a monopoly of power. In this context, the Maoist-Parties' 12-point understanding becomes increasingly dangerous to the Parties. The Ambassador's February 15 speech outlined our concerns about the understanding, and Post will continue to warn the Parties of the dangers of remaining tied to a group intent on using violence as a catalyst for political change.

#### RECONCILIATION WITH THE PARTIES STILL TOP PRIORITY

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¶4. (C) The group strongly believed the top U.S. policy priority should remain to urge reconciliation between the Parties and Palace. Finding ways for the Parties and Palace to move toward reconciliation remains the key to restoring democracy and resolving the Maoist insurgency. If such unity were restored, the legitimate constitutional forces would likely still have to devise and implement a coherent counter-insurgency strategy, including the restoration of security, government services, and political activities, in order to force the Maoists to compromise. Remembering that the King had succumbed to pressure in June 2004 to dismiss his nominated, non-political government, the Group noted that the King was under considerably more pressure today, both domestically and internationally.

#### STAY ENGAGED TO KEEP THE PRESSURE ON

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¶5. (C) The group felt strongly that the U.S. needed to remain engaged in Nepal to avoid potentially disastrous consequences. The group noted the humanitarian and political disaster that ensued after the U.S. failed to engage in Afghanistan in the 1990's. The group further noted that the Secretary's transformational diplomacy appeared centered on

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the concept of dealing with troubled states before they became full-fledged international disasters. The group also worried that there was a real risk that a Maoist victory would result in an aggressive, ideological regime committed to exporting its revolution in an area of considerable strategic importance to the United States. The group argued that even the appearance of U.S. disengagement would be a coup for the Maoists. Instead, the group discussed how to increase our pressure or leverage to push for change. (Note: In a move that highlighted progress on U.S. engagement in Nepal, subsequent to the inter-agency meeting on February 13, Nepal's Supreme Court ordered the release of former Prime Minister Deuba after declaring the King's Royal Commission for Corruption Control unconstitutional (ref B). End Note.)

#### UNITING THE INTERNATIONAL COMMUNITY TO PUSH FOR CHANGE

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¶6. (C) The international community is seemingly pulling

together better than it has at any time since the King's February 1 takeover. Pressure on the King has continued from the U.S., India, and the UK/EU. Meanwhile, traditional supporters of Nepal such as Japan have begun to make it clear that the King must move back toward democracy, while China has in recent weeks made it abundantly clear that it believes that the King must begin reconciling with the other constitutional forces. We must work hard to encourage these trends, while reminding our international partners that the King's obduracy has not somehow transformed the Maoists into benign actors; instead, the King's misrule has strengthened the threat from the insurgency.

#### INDIA STILL THE KEY

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¶17. (C) The group suggested leveraging the upcoming visit of President Bush to New Delhi to show both the Maoists and the King that India and the U.S. remained united in their views on Nepal. We could use a conversation between the President and Prime Minister, and hopefully a mention of Nepal in a joint statement, to further pressure the King to reach out to the Parties. The group also recommended continuing to push the Government of India (GOI) to arrest Maoist leaders in India.

#### WORKING WITH CHINA

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¶18. (C) Turning to China's role, the Ambassador noted that His Majesty's Government of Nepal (HMGN) was feeling pressured by China. HMGN no longer has the security of believing China would be its safety valve (in terms of both diplomatic and military support). HMGN's inability to use the "China card" against India had already considerably upped

the pressure on HMGN. We should consider following up with further consultations with Beijing.

#### PRESS KING TO CALL CEASE-FIRE

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¶19. (C) The group concurred that we should continue to pressure the King to call for a cease-fire. Although the Palace had yet to act on this suggestion, it still seemed to be considering the idea. The group believed that the King would only be willing to call a cease-fire if he could make it appear that it was his idea and not something he was forced to do by the international community or any other outside influence.

#### BOLSTER ANY POSITIVE STEPS BY THE KING WITH VISIT FROM WASHINGTON

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¶10. (C) The group agreed that, if the King made any positive steps to reconcile with the Parties, a visit from a senior official from Washington to congratulate the King on taking a first step forward could be an effective incentive to promote more change. A visit could also be an opportunity to talk about the possible resumption of lethal military assistance to encourage the King to keep moving toward reconciliation. The group suggested that Admiral Fallon, Commander of U.S. Pacific Command, could return to deliver the message of encouragement to the King.

#### CONCERNS ABOUT THE MILITARY BALANCE

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¶11. (C) The group noted that the Royal Nepalese Army (RNA) was having trouble keeping pace with Maoist violence. There was a frustration at the tactical level about the lack of political progress or consensus about the way forward. Emboff reported that one RNA general had noted that the Army was getting tired of killing their own people and that being drawn out of their barracks to clear Maoist roadblocks was increasing RNA casualties and lowering morale. The group agreed that the hope of future U.S. lethal assistance and

military training could help persuade the RNA to pressure the King to move to restore democracy.

COMMENT

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¶12. (C) The situation in Nepal remains precarious as the Maoists will likely up their violence through April. Although walking away from the mess that is Nepal might seem attractive, the stakes are too high to make disengagement a palatable option. The Inter-Agency Working Group concluded that there were no quick, easy fixes for Nepal, but that our policy of keeping pressure on both the King and the Maoists was slowly bearing fruit.  
MORIARTY